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REPORT

OF

THE AUDITOR-GENERAL

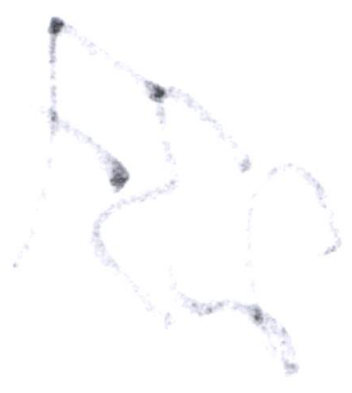
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KAPKOROS LEVEL 3A HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF BOMET





Kapkoros Level 3A Hospital (Bomet County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Hospital Information and Management

(a) Background information

Kapkoros sub-county Hospital is a level 3A hospital established under gazette notice number 786 and The Medical Practitioners and Dentists (Medical Institutions) (Amendment) Rules, 2017 (L.N. 3 of 2017). The hospital is domiciled in Bomet County under the health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of Kapkoros, is to promote and maintain integrated high-quality preventive, curative and supportive health care that are accessible, effective, equitable and accountable to all people. The overall vision of the Hospital is to have a community free from preventable diseases that produce ill health, and sustained wellbeing through quality health care intervention.

(c) Key Management

The *hospital's* management is under the following key organs:

- County department of health
- Sub County Health management Team
- Board of Management
- Medical Superintendent
- Hospital Health Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr.Hillary Chelimo-
2.	Head of finance	Mr.Eric Ngeno
3.	Head of supply chain	Mr.Sammy Koech
4.	Hospital Administrator	Mr.Bryant Mutai
5.	Nursing officer In-Charge	Mrs Roseline Tamason
6.	Pharmacist	Dr.Warom Buoro Michael

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly

- Parliamentary committees
- Other oversight committees
 - County Assembly
 - Parliamentary committees
 - Other oversight committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 393 Bomet
Kapkoros Sub County Hospital Building
Silibwet – Litein Highway
20400, KENYA

(g) Entity Contacts

Telephone: +254) 0794334125
E-mail:kapkorossubcountyhospital@gmail.com
Website: www.go.ke

(h) Entity Bankers

Co-operative bank of Kenya -Bomet branch

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya





(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya





(k) County Attorney

County Legal Admin
P.O. Box.19
Bomet Kenya



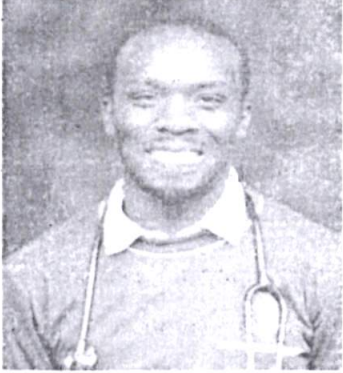
3. The Board of Management


Ref	Directors	Details
1.	 Chairman of the Board	Mr Martin Kirui is a seasoned, visionary and accomplished Manager with about 15 years of experience in various work places. He holds a masters in finance from Jomo Kenyatta University. He has a vast working experience in various sectors which include kericho municipal, Nandi County council and also Kenya Industrial Estate Limited..
2.	 Board Member	Mr Richard Tonui holds an Executive MBA program and also a degree in Economics. He has previously worked at communications authority of Kenya for 23 years and also at Kenya Posts and Telecommunication Cooperation.
3.	 Board member	Mrs Florence Chepkoech is an active Board Member who holds a Diploma in ECDE Teaching with an experience of 10 years in the education sector.
4.	 Board Member	Mr Richard Sigei is a hardworking board member who is also the chairman of a community based organization and former ward administrator and brings a lot of leadership skills to the board.

*Kapkoros level 3A Hospital (Bomet County Government)
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5.	 Board Member	Miss Agnes Chepkemoi is an active board member with a high integrity .She holds a diploma in advanced computer packages and currently works as a director at silibwet Alfa bookshop
6.	 Board member	Miss Millicent Chepkemoi is an active board member who holds a certificate in early Childhood Development and Education and currently works at Kwenik Ab ilet primary school
7.	 Board Member	Mrs Emily Bii is an active board member with experience of 30 years in the teaching sector. She holds a certificate in primary school teaching. She currently works at Ngomwet Primary School.
8.	 Board Member	Anastasia Kimeto is an active board member with over 10 years' experience in the teaching sector she holds a bachelor's degree in education in early Childhood education and She currently teaches at shepherds Academy

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9.	 <p>Board Member</p>	<p>Mr Alfred Ronoh is a very hardworking and active board member he has an experience of over 20 years.He currently works at Bandwith providers east Africa limited as a project manager and previously worked at Telkom Kenya limited.</p>
10.		<p>Mr Richard Chepkwony is an active board member with an experience of over 19 years as a community development facilitator and is also a board member of two secondary schools and currently he is the chairman of Bomet central community based organization.</p>
11.	 <p>Medical Superintendent</p>	<p>Dr. Chelimo H. Korir joined Kapkoros Sub County Hospital in October, 2022. He is an experienced medical officer with a wealth of experience in both clinical and administrative work. He previously served as the acting medical superintendent. Cheptalal Sub County Hospital. As a medical officer within the county, Dr. Chelimo demonstrated ability to transform institutions to deliver efficient and effective results. He has passion for quality healthcare provision and getting things done. He holds a Bachelor of Medicine & Bachelor of Surgery (MBChB) degree from Kenyatta University.</p>

12.	 <p>Hospital Administrator</p>	<p>Mr Bryant Mutai Joined Kapkoros Sub County Hospital in February 2023 as The Hospital Administrator. He is a Professional in the health sector who holds a degree in health service management from Kenyatta University. And has over the years worked in various health institutions such as Kapkatet Hospital and also worked in the insurance sector for over 5 years. He is a visionary leader and brings growth to the institution</p>
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4. Key Management Team

Ref	Management	Details
1.	Dr. Chelimo H. Korir	Medical Superintendent
2.	Mr. Bryant Mutai	Hospital Administrator
3.	Emily Tunen	Nursing Officer In Charge
4.	Eric Ngeno	Accountant
5.	Dr Warom Michael	Pharmacist
6.	Mr.Sammy Koech	Stores Assistant

5. Chairman's Statement

On behalf of the Board of management, I am pleased to present the chairman's statement for the financial year ended 30th June 2025. This report reflects our collective commitment to providing strategic direction, good governance, and oversight of the hospitals financial and operational performance.

Kapkoros Sub- County hospital was founded in 1961 as a dispensary, then, managed by the Local Authorities. Minor upgrades have since been done to upgrade it to a health centre in 2003, and subsequently as a sub county hospital commencing in March 2024.

Governance and Oversight:

The board has continued to uphold the principles of accountability, transparency, and prudent financial management. Regular board and committee meetings were held during the year to review policies, monitor financial performance, and guide the hospitals strategic priorities.

Financial performance:

Despite a challenging economic environment, the hospital managed to sustain service delivery and record revenue of Kshs 9,129,079 against and expenditure of Kshs 8,715,137. This resulted in a surplus of Kshs 413,942. Key revenue sources included SHI reimbursements, user fees, and donor contributions. The prudent use of resources ensured continuity of essential health services.

Achievements:

- Expansion of patient care services in radiology, mainly by commencing sonographer services.
- Strengthening of partnerships with government agencies, NGOs, and private sector stakeholders.
- Staff training and capacity building initiatives supported by the board
- Overseeing the construction of new inpatient and theatre.

Challenges:

- Rising operational costs due to inflation and delayed reimbursements
- Staff shortages in critical departments
- Inadequate funding for infrastructure development and maintenance

Future Outlook:

Looking ahead, the Board is committed to:

- Enhancing financial sustainability through resource mobilization and improved revenue collection systems
- Supporting infrastructure expansion projects to meet growing demand for services
- Advocating for adequate staffing and continuous professional development.
- Strengthening governance practices to ensure accountability and stakeholder confidence.

Appreciation:

On behalf of the board, I wish to express sincere appreciation to the Medical Superintendent, management team, staff, partners, and all stakeholders for their dedication and contribution during the year under review. Their commitment has enabled the hospital to continue fulfilling its mandate of delivering quality health services to the community.



Name *Mantia Kirui*

Chairman to the Board



6. Report of The Medical Superintendent

The general outlook of the facility has been good, with strong positive indicators of healthcare provision for the fiscal year 2024/2025, albeit some manageable challenges.

Human resource:

The staffing of the facility mainly comprises of those employed by the County Government of Bomet and staff under the AIE of the Facility. We also receive staff support from our partners such as Walter reed (PEPFAR) under the CCC department. Challenges include staff shortages in critical areas, delayed promotions and re-designations, and high turnover in critical service areas.

Financial Performance:

The hospital generated Kshs 9,129,079 in revenue, for the period under review against an equal amount in expenditure. Main revenue sources include User fees, SHA reimbursements on SHIF and PHC, and donor support. Expenditures included personnel emoluments, pharmaceuticals, medical supplies, and maintenance and capital projects.

The hospital achieved a surplus of Kshs 509,546, reflecting efficiency in revenue collection and prudent financial usage. Our main revenue collection points include Maternity, Outpatient, laboratory, radiology and dental departments.

Power supply has been stable with an emergency generator as a back-up. Water supply has been aided with an all-year-round rainy season. However, the facility would benefit greatly from the service of an uninterrupted water supply by a permanent borehole.

Service delivery:

Despite the low resources, the facility has been able to meet its obligations and objectives to the community, and healthcare service delivery has improved over the period, with slow increase in human resource numbers and hospital capabilities in terms of laboratory investigations, maternal & child health services and health products and technologies units.

Infrastructure and Equipment:

The hospital, through departments of Health services and Public works, has undertaken construction of a 64 bed capacity in-patient and theatre, which is about 80% complete by the end of year under review. Expected completion in the next financial year, will boost revenue collection and stabilize budgetary needs.

Challenges:

- Delayed SHA reimbursements and inadequate funding
- Shortages of essential drugs and consumables, with the county weaning off responsibility of providing HPTUs.
- Rising patient demand outstripping existing capacity.
- Inadequate ambulance and referral system

Recommendations:

Kapkoros level 3A Hospital (Bomet County Government)
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- Strengthen financial management systems through adoption of Taifacare under Kenya EMR, and timely reimbursements.
- Increase budgetary allocation for pharmaceuticals and infrastructure maintenance
- Recruit and re train additional staff
- Expand specialized services to reduce referrals and boost revenue collections.

Conclusion:

Despite financial and operational challenges, the hospital has continued to provide essential health services to the community. With strengthened support from government, partners, and stakeholders, we remain committed to improving patient outcomes and ensuring stability.



Name *Dr. Hilkey Cheslis*

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Kapkoros Sub-County Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows: Pillar /theme/issue 1: Preventive services Pillar/theme/issue 2: Curative Services Kapkoros Sub- County hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Preventive services	Workload	Community outreach services	Reduced communicable diseases in the locality
Pillar/ theme/ issue 1:	Curative Services	Workload	Establishment of special clinics	Improved service delivery

8. Corporate Governance Statement

Kapkoros Sub-County Hospital is constituted as per the Constitution of Kenya, 2010 and Kenya health Act 2017. The Hospital is headed by a medical superintendent, who is responsible for the general policy and strategic direction of the hospital. The hospital is yet to be declared as a Kapkoros Sub County Hospital as contemplated in PFM Act section 5 and section 109 subsections 2b however, the hospital has been operating under the framework of hospital management board and health facility management committee policy 2018.

9. Management Discussion and Analysis

Kapkoros sub-county county hospital is the only sub-county hospital serving the larger Bomet Central Sub-County. It has a catchment population of 18,511. It has a maternity bed capacity of 10. The hospital offers outpatients services, maternity services besides one other special clinic which is run by a medical officer. For the last one year the patients attended at the hospital are as per the following table

Clinical/operational performance

Bed capacity of the hospital.	16
Overall patient attendance during the year for both inpatient and outpatient.	11,248
Accident and Emergency attendance	
Specialised clinic attendance	923
Average length of stay for in patient.	24hours
Bed occupancy rate	60%
Mortality rate	0
Surgical theatre utilisation (number of operations over a period of time)	0
Sponsorships and partnerships	Pepfar

Financial Performance:

The hospital generated Kshs 6,600,000 from SHA ,Kshs 2,506,000 reimbursement from the County Government and ksh 1,912,919 in kind form as drugs bought by the county government for the period under review against an equal amount in expenditure. Main revenue sources include User fees, SHA reimbursements on SHF and PHC, and donor support. Expenditures included personnel emoluments, pharmaceuticals, medical supplies, and maintenance and capital projects.

The hospital achieved a surplus of Kshs 509,546, reflecting efficiency in revenue collection and prudent financial usage. Our main revenue collection points include Maternity, Outpatient, laboratory, radiology and dental departments.

Sign.......... **Medical superintendent**



10. Environmental And Sustainability Reporting

Kapkoros Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure

ii) Environmental performance

Kapkoros sub-county hospital uses Kaizens policy, i.e. (5s) the five (s) is for: sort, set, shine standardize and sustain. The policy has been shared with every department, with a clear wall chart within the hospital. The health care staffs are provided with personal protective equipment (PPEs) such as clean and sterile gloves, and masks. Health care workers are advised to minimize waste originating from their departments as much as possible. Each department (MCH, Maternity, CCC, and OPD) is provided with bin liners (RED, YELLOW & BLACK) and safety boxers. RED BIN LINERS are for highly infectious waste such as placentas YELLOW BIN LINERS are for infectious waste such as gloves BLACK BIN LINERS are for general waste such as papers food etc. SAFETY BOXES are for sharp objects such as syringes and needles. The success has been seen in the minimal and reduced infection transmission amongst the healthcare workers within the hospital, and the general public. However, challenges do exist when it comes to waste segregation, disposal and also timely availability of all the bin liners and safety boxes, as this is a function of the department of health services through our suppliers

iii) Employee welfare

Hiring process for health care workers is mainly done by the CGOB (County government of Bomet) through the CPSB (County Public Service Board). This is with an exception of the staff hired under the hospital's AIE, who go through the hospital's board of management on a contractual basis. The hiring is done according to the public serve act on hiring that takes into account the 2/3 gender rule. Routine on job trainings and CMES are done to further strengthen the knowledge and skill base.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The organization is committed to responsible competition practices and improved service delivery guided by integrity, transparency, and accountability. To this end, a strict anti-corruption and bribery policy is in place, supported by whistleblowing and reporting mechanisms to encourage staff and clients to report malpractice. The organization remains non-partisan, with political involvement limited strictly to policy dialogue and regulatory compliance. Procurement and tendering processes are conducted through open and transparent competition, based on clear and objective criteria, while respect for competitors is upheld by avoiding unfair practices and promoting professionalism.

In addition, the organization has enhanced service delivery through the adoption of a public service charter that clearly communicates standards, timelines, and client rights. Service automation and self-service platforms have been rolled out to improve efficiency, while cashless payment systems such as mobile money and card transactions have been adopted to reduce fraud and enhance accountability. Public sensitization and outreach initiatives are undertaken to improve awareness of services, reporting channels, and client entitlements, while brand protection and quality assurance mechanisms ensure consistency and reliability in service delivery.

b) Responsible Supply chain and supplier relations

The organization is committed to maintaining the highest standards of business ethics and responsible supplier management. All contractual agreements with suppliers are honored in a fair and transparent manner, ensuring that obligations are met in line with agreed terms and conditions. Payment practices are guided by accountability and integrity, with suppliers compensated promptly and in accordance with contractual timelines to foster trust and long-term partnerships.

In addition, the organization upholds principles of fair competition by ensuring that procurement of goods and services is conducted through open and competitive processes. Clear evaluation criteria are applied to guarantee equal opportunity for all qualified bidders, thereby promoting value for money, transparency, and efficiency. By treating suppliers with respect, maintaining professionalism and safeguarding ethical procurement standards, the organization enhances its credibility, supports sustainable supplier relationships, and contributes to overall service quality and delivery.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The organization upholds ethical marketing and outreach practices by ensuring that all communication is truthful, transparent, and respectful of consumer rights. False or exaggerated promises and anti-social advertisements are strictly avoided, with accurate and adequate information provided to enable informed decision-making. Regular media updates, website briefs, and consultative forums are used to engage stakeholders responsibly, while all sensitization efforts respect diversity and promote inclusivity.

d) Product stewardship or Awareness Creation

The organization safeguards consumer and citizen rights by upholding health and safety standards, providing clear and adequate service information, and ensuring access to fair dispute resolution and redress mechanisms. Whistleblowers are protected, and strict measures are in place to secure personal data and privacy. All outreach and service delivery practices are guided by transparency, inclusivity, and respect for fundamental rights

v) Corporate Social Responsibility / Community Engagements

The organization implemented Corporate Social Responsibility (CSR) initiatives aligned with its mandate, focusing on community engagement, social investment, and public sensitization. Key activities included charitable giving, support for education through scholarships and bursaries, construction and rehabilitation of social amenities such as schools, health facilities, and water projects, as well as environmental programs like tree planting. Public participation and civic education forums were held to involve citizens in policy and development processes. These initiatives enhanced community welfare, strengthened trust, and contributed to sustainable development.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the Kapkoros Sub-County Hospital are provision of health services to the patients

Results

The results of the Kapkoros Sub-County Hospital for the year ended June 30, 2025 are set out on pages 1-6

Board of Management

The members of the Board who served during the year are shown on pages v to viii. During the year no director retired/ resigned and therefore no one was appointed.

Auditors

The Auditor General is responsible for the statutory audit of the Kapkoros Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kapkoros Sub County Hospital for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name *Dr. Hilkey Chebo*
Secretary to the Board



12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (Kapkoros Level 3 A Hospital is established under gazette notice number 786 and The Medical Practitioners and Dentists (Medical Institutions) (Amendment) Rules, 2017 (LN.3 of 2017)) requires the Board of Management to prepare financial statements in respect of Kapkoros level 3 Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results of the Hospital for that year/period. The Board of Management is also required to ensure that the Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.


The Board of Management is responsible for the preparation and presentation of the Hospital’s financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period. (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances. The Board of Management accepts responsibility for the Hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Board members are of the opinion that the Hospital’s financial statements give a true and fair view of the state of Hospital’s transactions during the financial year ended June 30, 2024, and of the Hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital’s financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board of management to indicate that the Hospital will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 21/8/25 and signed on its behalf by:


Name: Martin Kirui
Chairperson
Board of Management


Name: Dr. Hilby dehis
Accounting Officer



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KAPKOROS LEVEL 3A HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025- COUNTY GOVERNMENT OF BOMET

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kapkoros Level 3A Hospital-County Government of Bomet set out on pages 1 to 41, which comprise of the statement

of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapkoros Level 3A Hospital- County Government of Bomet as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Total Expenses

The statement of financial performance reflects total expenses amounting to Kshs.8,715,137. However, the amount does not include depreciation charge of Kshs.47,000 reflected in Note 20 to the financial resulting in misstatement of total expenses by Kshs.47,000.

In the circumstance, the accuracy and completeness of total expenses amounting to Kshs.8,715,137 could not be confirmed.

2. Unsupported Cash and Cash Equivalent

The statement of financial position and as disclosed in Note 17 to the financial statements reflects cash and cash equivalents totalling Kshs.509,946. Review of records revealed that the Hospital operated and maintained revenue and operational bank accounts with respective bank balances of Kshs.972,564 and Kshs.510,005, all totalling Kshs.1,482,569 resulting in unreconciled variance of Kshs.972,623. The bank reconciliations, cashbooks and certificates of bank balances in support of the bank balances were also not provided.

In the circumstances, the accuracy and completeness of Cash and Cash equivalents balance of Kshs.509,946 could not be confirmed.

3. Unconfirmed Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions totalling Kshs.930,750. However, the amount differs with the Nil receivables ledger balance resulting in unexplained variance of Kshs.930,750.

Further, the amount has been outstanding for more than one year. However, no provisions were made for bad and doubtful debts.

In the circumstances, the accuracy and completeness of receivables from exchange transactions totalling Kshs.930,750 could not be confirmed.

4. Unconfirmed Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment. Review of records and physical verification revealed that various assets including land measuring approximately sixteen (16) acres, buildings, civil works, furniture, computers and medical equipment of unknown values were being used by the Hospital. However, these assets have not been valued and disclosed in the financial statements. Management explained that the records of the assets were maintained at the County Government Headquarters but no evidence was provided for audit verification. The fixed assets register was also not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of Nil property, plant and equipment could not be confirmed.

5. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus amounting to Kshs.413,942. However, the amount does not include the prior year audited accumulated deficit amounting to Kshs.622,025 reflected in the statement of changes in net assets resulting in unexplained variance of Kshs.622,025.

In the circumstances, the accuracy and completeness of accumulated surplus amounting to Kshs.413,942 could not be confirmed.

6. Inaccuracy of Capital Fund

The statement of financial position reflects capital fund totalling Kshs.1,592,815 in respect of the opening balance. However, the amount differs with the prior year audited capital fund totalling Kshs.2,192,870 resulting in unreconciled variance of Kshs.610,025.

In the circumstances, the accuracy and completeness of capital fund totalling Kshs.1,592,815 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kapkoros Level 3A Hospital- County Government of Bomet Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budget Control and Performance

The statement of comparison of Budget and actual amounts reflects final receipts budget and actual on comparable basis amounting to Kshs.11,114,404 and Kshs.7,218,564 respectively resulting to an under-funding of Kshs.3,895,840 or thirty five percent (35%) of the budget. Similarly, the Hospital spent Kshs.6,708,618 against actual receipts of Kshs.7,218,564 resulting to an under-utilization of Kshs.509,946 or seven percent (7%) of the receipts.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, twenty-three (23) issues were raised under the Report on Financial Statements, Material uncertainty related to going concern, Emphasis of Matter and Report on Lawfulness and Effectiveness in Use of Public Resources as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

Management is responsible for the Other Information set out on page iii to xx which comprise of Key Hospital Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My Opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Engagement of Casual Workers

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs amounting to Kshs.2,064,000 in respect of casual workers. Review of records reveal that the casual workers had been engaged for more than three (3) consecutive months. However, their terms of employment were not converted to regular employment terms. This was contrary to Section 37 of the Employment Act, 2007 which provides for conversion of the casual employment to regular employment terms for employees who have worked in an entity continuously for more than three months.

Further, the recruitment of casual workers was not approved by the County Public Service Board. The vacancies were also not supported by Departmental requisitions, advertisement, appointment letters and job interview records were not presented for audit.

In the circumstances, Management was in breach of the law.

2. Irregular Transfers of Facility Improvement Funds

The statement of financial performance reflects transfer to dispensaries and transfer to Health Management Team (HMT) amounting to Kshs.756,000 and Kshs.140,340 respectively, all totalling 896,340. This was contrary to Section 5 of the Facilities Improvement Financing Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities. The money received by or on behalf of the respective public health facility shall be paid into a facility improvement financing account for each public health facility. The income and other receivables retained by the public health facilities shall be considered as a supplement to the budgets and resources appropriated to the public health facilities by the respective County Government. Expenditure returns in support of the transfers were also not provided.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Lack of Risk Management Policy

Review of the documents and records provided for audit review revealed that the Hospital Management had not established Risk Management Policy. This is contrary to Regulation 158 (1) (a) (b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the accounting officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

Further, the Hospital did not maintain a risk register which implies the hospital might not be effectively tracking and addressing its risk profile. This implies that the Hospital might not be effectively tracking and addressing its risk profile.

There is risk of ineffective resource utilization, lack of clear operational direction, and governance risks, as county-level policies may not adequately address its unique needs.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with Governance are responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

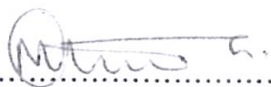
03 December, 2025

14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,506,000	4,860,000
In-kind contributions from the County Government	7	1,912,919	-
Revenue from exchange transactions			
Rendering of services-Medical Services Income	8	4,710,160	
Total revenue		9,129,079	4,860,000
Expenses			
Medical/Clinical costs	9	4,655,282	1,740,780
Employee costs	10	2,064,000	1,352,000
Board of Management Expenses	11	194,000	24,000
Depreciation and amortization expense	12	-	-
Repairs and maintenance	13	227,135	188,010
General expenses	14	678,380	895,265
Transfer to Dispensaries	15	756,000	1,260,000
Transfer to Sub County HMT	16	140,340	-
Total expenses		8,715,137	5,460,055
Net Surplus / (Deficit) for the year		413,942	(600,055)

(The notes set out on pages 7 to 40 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 21/06/25 and signed on its behalf by:




 Chairman

Board of Management

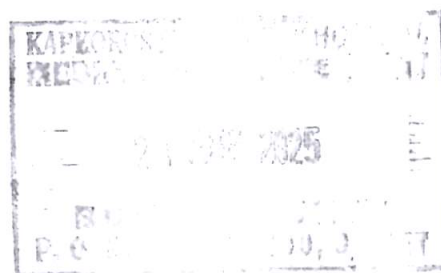


 Head of Finance

ICPAK No: 2154



 Medical Superintendent



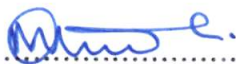
*Kapkoros level 3A Hospital (Bomet County Government)
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15. Statement of Financial Position as at 30th June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	509,946	2,404
Receivables from exchange transactions-SHA	18	930,750	2,000,000
Inventories	19	662,371	562,761
Total Current Assets		2,103,067	2,565,165
Non-current assets			
Property, plant, and equipment	20	-	47,000
Total Non-current Assets		-	47,000
Total assets (A)		2,103,067	2,612,165
Liabilities			
Current liabilities			
Trade and other payables	21	96,310	1,019,350
Total Current Liabilities		96,310	1,019,350
Total Liabilities (B)		96,310	1,019,350
Net assets (A-B)		2,006,757	1,592,815
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		413,942	(600,055)
Capital Fund		1,592,815	2,192,870
Net Assets		2,006,757	1,592,815

(The notes on pages 7 to 40 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 21/8/25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 20595



Medical Superintendent



16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-		2,192,870	2,192,870
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(600,055)		(600,055)
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	(600,055)	2,192,870	1,592,815
At July 1, 2024	-		1,592,815	1,592,815
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	413,942	-	413,942
Capital/Development grants	-	-	-	-
At June 30, 2025	-	413,942	1,592,815	2,006,757

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,506,000	4,860,000
Transfers from other Government entities-FIF		4,710,160	-
Total Receipts		7,216,160	4,860,000
Payments			
Medical/Clinical costs		2,658,053	1,537,440
Employee costs		2,064,000	1,038,000
Board of Management Expenses		194,000	12,000
Repairs and maintenance		222,135	213,680
Grants and subsidies		0	
General expenses		674,090	796,915
Transfer to Dispensaries		756,000	1,260,000
Transfer to FIF Account		140,340	
Total Payments		6,708,618	4,858,035
Net cash flows from operating activities	22	507,542	1,965
Cash flows from investing activities			-
Purchase of property, plant, equipment			-
Purchase of intangible assets			-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents as at 1 July 2024	27	2,404	439
Cash and cash equivalents as at 30 June 2025	27	509,946	2,024

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	2,404	0	2,404	2,404	0	100%
Receipts			0			
Transfers from the County Government	5,712,000	0	5,712,000	2,506,000	3,206,000	44%
Transfers from other Government entities-FIF	0	5,400,000	5,400,000	4,710,160	689,840	87%
Total receipts	5,714,404	5,400,000	11,114,404	7,218,564	3,895,840	65%
Payments					0	
Medical/Clinical costs	1,140,000	2,680,000	3,820,000	2,658,053	1,161,947	70%
Employee costs	2,064,000	0	2,064,000	2,064,000	0	100%
Remuneration of directors	42,000	252,000	294,000	194,000	100,000	66%
Repairs and maintenance	186,404	1,308,000	1,494,404	222,135	1,272,269	15%
Grants and subsidies	0	0	0	-	0	0%
General expenses	770,000	998,000	1,768,000	674,090	1,093,910	38%
Transfer to Facilities	1,512,000	0	1,512,000	756,000	756,000	50%
Transfer to FIF Account	0	162,000	162,000	140,340	21,660	87%
Total Operational Expenditure paid	5,714,404	5,400,000	11,114,404	6,708,618	4,405,786	60%
Capital Expenditure paid	-	-	-	-	-	
Surplus	-	-	-	509,946	-509,946	

Budget notes

1. County Government did not transfer all the money budgeted
2. Transfer to Facilities to facilities were 50% since the county did not transfer budgeted amount

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	509,946
1.	Reason for difference	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	509,946

19. Notes to the Financial Statements

1. General Information

Kapkoros level 3A is established by and derives its authority and accountability from Kenya Health Act 2017. The entity is wholly owned by Bomet County Government and is domiciled in Bomet County in Kenya. The entity's principal activity is provision of Health services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *hospital's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *hospital*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the</p>

Standard	Effective date and impact:
	<p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The hospital did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on *20th June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *hospital* recorded additional appropriations of *ksh 4,710,160* on the FY 2024/2025 budget following the Board's approval. The *hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows has been presented on page 5 under section 18 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *10* years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

IFRS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.

f. Financial instruments

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

- The ability to measure reliably the expenditure during development.
- The availability of resources to complete the asset
- The asset will generate future economic benefits or service potential
- Its intention to complete and its ability to use or sell the asset

available for use or sale

➤ The technical feasibility of completing the asset so that the asset will be recognized as intangible assets when the Entity can demonstrate:
The Entity expenses research costs as incurred. Development costs on an individual project are

i. Research and development costs

The hospital recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

h. Biological Assets

Notes to the Financial Statements (Continued)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The hospital assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The hospital recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the hospital.

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Notes to the Financial Statements (Continued)

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria. ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The hospital recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The hospital does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the hospital in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. *(Entity to state the reserves maintained and appropriate policies adopted.)*

q. Changes in accounting policies and estimates

The hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

r. **Employee benefits**

Retirement benefit plans

The hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s. **Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. **Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

The hospital regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *hospital*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

The hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *hospital* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

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Description	Current FY 2024/2025	Comparative FY 2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	2,506,000	4,860,000
Totals	2,506,000	4,860,000
Conditional grants		
User fee forgone	-	
Total government grants and subsidies	2,506,000	4,860,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Bomet County Government	2,506,000	-	-	2,506,000	4,860,000
Total	2,506,000	-	-	2,506,000	4,860,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Current FY 2024/2025	Comparative FY 2023/2024
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	1,912,919	4,880,646
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	1,912,919	4,880,646

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Transfers From Other Government Entities

Kapkoros level 3A Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Rendering of services-Medical Services Income	4,710,160	-
Total Revenue from exchange transactions	4,710,160	-

9. Medical/ Clinical Costs

Description	Current FY 2024/2025	Comparative FY2023/204
	Kshs	Kshs
Dental costs/ materials	72,350	62,550
Laboratory chemicals and reagents	266,060	212,750
Food and Ration	1,032,125	631,900
Uniform, clothing, and linen	23,400	70,350
Dressing and Non-Pharmaceuticals	859,308	312,850
Pharmaceutical supplies	270,770	376,490
Health information stationery	189,440	52,000
Sanitary and cleansing Materials	28,910	21,890
Other medical related clinical costs (<i>KEMSA</i>)	1,912,919	-
Total medical/ clinical costs	4,655,282	1,740,780

10. Employee Costs

Description	Current FY 2024/2025	Comparative FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	2,064,000	1,352,000
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	2,064,000	1,352,000

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

Notes to the Financial Statements (Continued)

11. Board of Management Expenses

Description	Current FY 2024/2025	Comparative FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	194,000	24,000
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total	194,000	24,000

12. Depreciation and Amortization Expense

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

13. Repairs And Maintenance

Description	Current FY 2024/2025	Comparative FY 2023/2024
	Kshs	Kshs
Property- Buildings		
Medical equipment		
Office equipment		
Furniture and fittings	5,260	
Computers and accessories		
Motor vehicle expenses	6,600	
Maintenance of civil works	162,875	123,310
Fencing and grass cutting	52,400	64,700
Total repairs and maintenance	227,135	188,010

Notes to the Financial Statements (Continued)

14. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	11,900	113,160
Waste management expenses		
Insecticides and rodenticides	4,650	4,100
Audit fees		
Conferences and delegations		
Consultancy fees		
Contracted services		
Electricity expenses	85,000	140,000
Fuel and Lubricants	157,590	137,600
Insurance		
Research and development expenses		
Travel and accommodation allowance	184,020	212,700
Legal expenses		
Licenses and permits		
Courier and postal services	10,800	-
Printing and stationery	183,120	149,405
Hire charges		10,600
Rent expenses		-
Water and sewerage costs		5,000
Skills development levies		-
Telephone and mobile phone services	41,300	13,000
Internet expenses		-
Staff training and development		-
Subscriptions to professional bodies		-
Subscriptions to newspapers periodical, magazines, and gazette notices		-
Library books/Materials		-
Sign posts and Branding		109,700
Total General Expenses	678,380	895,265

15. Transfer to Dispensaries

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfer to Dispensaries	756,000	1,260,000
Total transfers to Dispensaries	756,000	1,260,000

16. Transfer to Sub County HMT

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfer to Sub County HMT	140,340	-
Total transfers to sub county HMT	140,340	-

Notes to the Financial Statements (Continued)

17. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	509,946	1,349
On - call deposits		
Fixed deposits accounts		
Cash in hand	-	1,055
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	509,946	2,404

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes to the Financial Statements (Continued)

18. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables		
Transfer from county government		
Other exchange debtors	930,750	2,000,000
Less: impairment allowance	-	
Total receivables	930,750	2,000,000

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Non-exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	0%	1,400,000	33%
Between 1- 2 years	930,750	100%	600,000	17%
Total (a+b)	930,750	100%	2,000,000	25%

19. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	261,739	341,300
Maintenance supplies		
Food supplies	3,275	2,940
Linen and clothing supplies		
Cleaning materials supplies	35,040	-
Laboratory supplies	205,250	
Non pharmaceuticals	157,067	218,521
Total	662,371	562,761

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	562,761	-
Additional Inventory in the year	5,333,662	-
Inventory expensed in the year	5,234,052	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	662,371	562,761

Kapkoros level 3A Hospital (Bomet County Government)
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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	47,000	-	-	-	-	47,000
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	47,000	-	-	-	-	47,000
At 1 July 2024 (current year)	-	-	-	47,000	-	-	-	-	47,000
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
Depreciation and impairment									
At 1 July 2024(previous year)	-	-	-	-	-	-	-	-	-

Kapkoros level 3A Hospital (Bomet County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation for the year		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2024 (current year)		-	-	-	-	-	-	-	-
Depreciation		-	-	47,000	-	-	-	-	47,000
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
Net book values									
At 30 th Jun 2024 (previous)	-	-	-	47,000	-	-	-	-	47,000
At 30 th Jun 2025 (current)	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

21. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	96,310		503,350	
Employee dues	-		516,000	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	96,310		1,019,350	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	96,310	100%	1,019,350	100%
1-2 years	-	0%	-	
2-3 years	-	0%	-	
Over 3 years	-	0%	-	
Total	96,310	100%	1,019,350	100%

22. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	413,942	(600,055)
Adjusted for:		
Depreciation	47,000	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(99,610)	602,020
Increase in receivables	1,069,250	(-)
Increase in deferred income	-	-
Increase in payables	(923,040)	602,020
Increase in payments received in advance	-	-
Net cash flow from operating activities	507,542	1,965

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

23. Financial Risk Management

The hospitals's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

The hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	-	96,310	-	96,310
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total		96,310	-	96,310
At 30 June 2024				
Trade payables	-	503,350	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	516,000	-	-
Total	-	1,019,350	-	1,019,350

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2025 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Notes to the Financial Statements (Continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Hospital's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

Kapkoros level 3A Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

24. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Bomet County Government is the principal shareholder of kapkoros level 3A hospital, holding 100% of the *hospital's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to	-	-
Sales of services to	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		

Kapkoros level 3A Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Directors' emoluments	194,000	-
Compensation to the medical Sup	27,000	-
Compensation to key management	42,000	-
Total	263,000	-

25. Contingent Liabilities

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

26. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

27. Ultimate and Holding Entity

The entity is a County Government Agency under the Department of Health services. Its ultimate parent is the County Government of Bomet.

28. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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 Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Kapkoros level 3A Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix III a: Inter-Entity Confirmation Letter


Name of Transferring entity County Government of Bomet
Name of Beneficiary entity Kapkoros Level 3A

Confirmation of amounts received by Kapkoros Level 3A as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT242223Y80F	9/8/2024	476,000	-	476,000	
FT24229PRL3C	16/8/2024	476,000	-	476,000	
FT243064YH6T	4/11/2024	952,000	-	952,000	
FT25037M64M3	6/2/2025	602,000	-	602,000	
TOTAL		2,506,000		2,506,000	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
Name Bernard Kogei Sign [Signature] Date 27/8/25

Head of Accounts Department - Beneficiary Entity:
Name Krize Ngere Sign [Signature] Date 27/8/25



**Kapkoros level 3A Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Appendix IIIb: Inter-Entity Confirmation Letter

Name of Transferring entity Kapkoros Level 3A Hospital

Name of Beneficiary entity Teganda Dispensary

Confirmation of amounts received by Teganda Dispensary as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
CHQ NO 735	9/8/2024	42,000	-	42,000	
CHQ NO 743	20/8/2024	42,000	-	42,000	
CHQ NO 759	6/11/2024	84,000	-	84,000	
CHQ NO 774	7/2/2025	42,000	-	42,000	
TOTAL		210,000		210,000	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name *E. G. Njoro* Sign *[Signature]* Date *22/8/25*

Head of Accounts Department - Beneficiary Entity:

Name *Cherotich Caroline* Sign *[Signature]* Date *27/8/25*

Kapkoros level 3A Hospital (Bomet County Government)
 Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix IIIc: Inter-Entity Confirmation Letter

Name of Transferring entity Kapkoros Level 3A Hospital

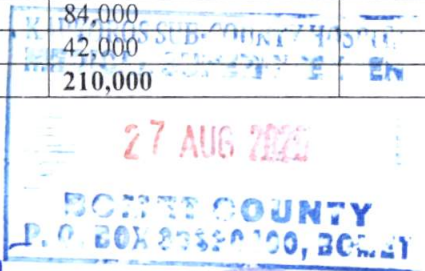

Name of Beneficiary entity Mogindo Dispensary

Confirmation of amounts received by Mogindo Dispensary as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
CHQ NO 736	9/8/2024	42,000	-	42,000	
CHQ NO 744	20/8/2024	42,000	-	42,000	
CHQ NO 760	6/11/2024	84,000	-	84,000	
CHQ NO 775	7/2/2025	42,000	-	42,000	
TOTAL		210,000		210,000	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Eric Ngwen Sign [Signature] Date 27/8/25

Head of Accounts Department - Beneficiary Entity:
 Name SCOLASTICA MORDIA Sign [Signature] Date 27/8/25

Kapkoros level 3A Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity Kapkoros Level 3A Hospital

Name of Beneficiary entity Sonokwek Dispensary

Confirmation of amounts received by Sonokwek Dispensary as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
CHQ NO 737	9/8/2024	42,000	-	42,000	
CHQ NO 745	20/8/2024	42,000	-	42,000	
CHQ NO 761	6/11/2024	84,000	-	84,000	
CHQ NO 776	7/2/2024	42,000	-	42,000	
TOTAL		210,000		210,000	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Erni Nyeno Sign [Signature] Date 27/8/25

Head of Accounts Department - Beneficiary Entity:
 Name KURUI B. ENMED Sign [Signature] Date 27/8/25

BOMET COUNTY
P.O. BOX 331 - 20400, BOMET

SONOKWEK DISPENSARY
P.O.Box 331 - 20400, BOMET

Appendix IIIe: Inter-Entity Confirmation Letter

Name of Transferring entity **Kapkoros Level 3A Hospital**

Name of Beneficiary entity **Tagaruto Dispensary**

Confirmation of amounts received by Tagaruto Dispensary as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
CHQ NO 777	7/2/2025	126,000	-	126,000	
TOTAL		126,000		126,000	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Eric Ngũ Sign [Signature] Date 27 AUG 2025

Head of Accounts Department - Beneficiary Entity:
 Name KUPNGENO GIDEON Sign [Signature] Date 27.8.25